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*** *The Bank publishes from time to time in this Monthly Review signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.*

Empire Trade and the Future

By H. V. Hodson

IT was an open secret that the enthusiastic imperialists who had looked to the Ottawa Conference for a swift and splendid burgeoning of the ideals of Joseph Chamberlain returned grievously disappointed. Satisfied as they may have been with the commercial soundness of the bargains that had been struck, they could not depict them as more than bargains. Of mutual progress towards a common goal, such as the words " Imperial Economic Unity " imply, there was little or none. Ottawa was a mart of concessions, not a muster of contributions. Nor was the spirit that animated the deliberations always one of sweet amity and concord. Not every statesman of the Empire is smooth-tempered, and there was much to try tempers in the struggles that were fought between the general advantage and local or private interests, and even between one private interest and another. More than one delegate, publicly enthusiastic, privily vowed that he would never attend such a meeting again. Hence there were sardonic smiles upon the faces of those who could claim that they had told us so, while the hearts of the faithful were heavy. Some of that disappointment, perhaps, has now worn off or has been forgotten. Ought it to be revived?

It is far too early to judge with any certainty of the practical effects of the Ottawa agreements, even if at any time their effects could be convincingly isolated from the tortuous play of many economic forces: but for what they are worth, some relevant figures are given on the following page.

Overseas Trade of United Kingdom
9 months ended June 30th
In millions of £'s

	Imports			Exports		
	1930–31	1931–32	1932–33	1930–31	1931–32	1932–33
Australia	33·6	40·3	37·5	12·4	12·3	15·8
Canada	23·3	28·2	34·8	18·8	12·2	11·6
India and Ceylon ...	40·9	35·8	31·3	29·2	27·7	26·2
Irish Free State ...	28·4	25·0	14·8	23·3	23·3	14·0
New Zealand	31·6	30·4	28·2	9·1	7·5	6·1
South Africa	13·0	11·4	12·5	17·2	14·2	15·8
Total British Countries	198·1	197·0	189·8	141·2	125·2	119·4
Denmark, Norway and Sweden	56·1	50·7	41·7	20·1	17·4	17·4
Argentine	44·3	41·4	33·0	14·7	7·9	9·0
Germany	46·3	33·6	21·6	15·6	12·2	11·0
U.S.A.	93·2	74·8	59·5	15·3	14·1	11·6
U.S.S.R.	26·0	19·0	11·7	5·0	7·2	4·4
Total Foreign Countries	478·6	402·9	313·5	187·6	160·0	149·9

This table must be viewed in the light of the fact that between the 9 months period ended June 30th, 1932, and the corresponding period a year later, sterling prices fell by about 4 per cent. (according to the *Economist* index). There was, however, little change in the average sterling prices of primary products, which figure largely among our imports. If the value of total trade in the 1930–31 period is represented by 100, then the figures for 1931–32 and 1932–33 are: for trade with British countries, 95 and 91; for trade with foreign countries, 84 and 70. It will further be observed that in the case of foreign trade the fall in imports was much more pronounced than the fall in exports, but that the reverse held in the case of inter-imperial trade. The greater recession of total trade with foreign countries must therefore be ascribed less to the positive results of Ottawa than to the negative results of protection coupled with exemption or low rates of duty on British goods.

The comparison between 1931–32 and 1932–33, so far as imperial trade is concerned, becomes more illuminating if the figures for the Irish Free State are excluded, since they were distorted by the tariff war arising out of the land annuities

dispute. The totals for the two periods then become: Imports, £172·0 millions and £175·0 millions; exports, £101·9 millions and £105·4 millions. We imported more from Canada and the colonial Empire, and exported more to Australia, South Africa and the non-self-governing colonies. Among the figures of foreign trade, notice should be taken of the maintenance and even the increase of our exports to Scandinavia and the Argentine, who largely compete with the Dominions and whose commercial ties with this country rank next after those of the British Commonwealth. No very definite conclusions, however, can be drawn from the detailed figures, which over so short a period might have been appreciably affected by accidental causes having no relation to the present issue.

In general, the table shows that our trade with the rest of the British Commonwealth has suffered less recession than our foreign trade. That is, doubtless, a reasonable ground for satisfaction with the Ottawa agreements, and might be taken as an augury that when world trade begins to expand our trade with the Empire will increase faster than the rest. The deduction, however, is a little hasty: for the statistical facts are equally open to the interpretation that the Ottawa agreements, while not directly injuring our imperial trade, accelerated the decline of our foreign trade. Indeed, an *a-priori* analysis of the outcome of Ottawa would suggest that some injury to our trade with foreign countries was inevitable. Mr. Baldwin's utterances at the Conference were instinct with the realization that, if it were to achieve lasting good, the preferences agreed upon must be attained through a mitigation of tariffs within the Empire, rather than through a further raising of tariffs between the Empire and the outside world. Some liberation of Empire trade was certainly achieved; but it was offset, at least partially, by new or higher barriers to outside trade.

In some measure this was the inevitable evolution from the data of the problem. Since the home Government, for instance, had already granted free entry to the products of the Empire under the Import Duties Act, it could grant very few further concessions to the Dominions—beyond promising the continuance of that exemption—without raising its tariff on foreign imports. Those members of the Commonwealth, like South Africa and Newfoundland and Southern Rhodesia, whose existing tariffs were comparatively low, were in very much the same pass, and so was India, whose tariff is, as yet,

selective and experimental. New Zealand, at the cost of some loss of revenue and a good deal of criticism from the affected industries, did furnish in sum an immediate cut in her tariff, general and preferential together. It is known that she was prepared to offer more. Australia and Canada provided the chief disappointment in this connection. Mr. Bennett made none of the brave and generous gestures which he had been given the credit of intending; nor did the Lyons Government in Australia fully live up to its reputation of desiring, in partial fulfilment of its election mandate, to purge the Scullin tariff of those elements which had made it notorious for protective excess. The formula for the increase of British preferential margins in Australia worked out for the most part as an increase of the general rate of duty. The complicated Canadian schedule contained twice as many increases of duty on foreign goods as cuts in the duty on British goods.

Hence although many of its participants regarded the Ottawa Conference as a sincere effort to begin the assault on excessive tariffs throughout the world, it must be counted as part of the gradual damming of world trade through measures of economic nationalism. The nationalism there exhibited was wider, more dilute, less wholehearted maybe, than the economic nationalism of a continental State; but it was of the same kind, and was largely inspired by the same motives. To be just, it must be added that as a measure of economic nationalism the Ottawa agreements were not spontaneous and aggressive, but were an attempt at defence against the trade barriers of others. The resentment, for instance, of the United States against the fresh barriers opposed as a result of Ottawa to their trade with Canada was hardly justified in view of the Smoot-Hawley tariff, the more recent American duty on timber, and other progressive hindrances to Canada's exports.

As a measure of economic nationalism, however, the Ottawa agreements were bound to be mediocre. Great Britain, sending two-thirds of her exports to foreign countries, in some of which she possessed enormous capital investments, could never afford to raise her general tariff very far for the sake of her imperial partners. Their principal products, moreover, are mainly staple foodstuffs and raw materials of manufacture, in which any considerable rise of prices must increase the costs of British industry. On the other hand, nationalism

implies the unity of the nation, which is conspicuously wanting, so far as economic matters are concerned, in the "nation" of British countries. Just as the upward movement of tariffs against the outside world was limited by the interest of the different countries, especially Great Britain, in their foreign trade connections, so the downward movement within the group was limited by the protectionism of the Dominions.

Nevertheless we need not accept, and need not have so readily accepted on that occasion (had we been prepared to court outward and immediate failure at Ottawa) the existing measure of protectionism in the Dominions as part of the unchangeable order of things. The success of the secessionist movement in Western Australia is a token of the disgust of large sections of opinion in the Australian Commonwealth at the half-heartedness and dalliance of the Lyons Government in approaching the task of scaling down the tariff. It is possible that considerably more liberal terms might have been obtained from the present coalition Government in South Africa than from their Nationalist predecessors. Certainly in Canada the concessions ultimately wrung from Mr. Bennett at the price of considerable preferential benefits for Canadian goods in Great Britain (which must inevitably exert some prejudice against our foreign trade) fell far short of the advantages which the "Outs," the Liberal party under Mr. Mackenzie King, were pledged to grant through a restoration of the Dunning tariff levels, without any demand for compensation. Both among the primary producers of the West and among the consuming interests of the East of Canada there is a strong demand for still larger cuts in the tariff than the Liberal party as a whole is yet prepared to promise. It would be highly dangerous and improper for us to interfere even indirectly in the internal politics of the Dominions, but we must recognize that if we must be nationalist in the imperial sense we must liberate trade within that wider nation, and that the task is not wholly impossible if we play our hand rightly.

At Ottawa we weakened our bargaining position enormously by insisting on a common agreement with each and all of the Dominions. No discrimination within the Empire, though a policy with merits of its own, means that the most reluctant Dominion can either prevent an agreement or secure advantages in the British market which its concessions in the way of freer entry for British goods do not deserve.

Oddly, the Government's mind seems to have changed completely on this point. In the debate on the Import Duties Bill, it was a Liberal member who introduced an amendment designed to prevent the imposition of differential duties against the various parts of the British Commonwealth, and it was Major Elliott who said in reply : " We are desirous of entering into commercial agreements with certain great friendly nations closely akin to us, and it is foolish to suggest that it is impossible to come to an agreement with any one of these nations unless you come to an identical agreement with the rest . . . This is not going to break up the Empire. . . . We are entering upon discussions in which sentiment must play its part, but not the whole part or even a preponderating part. We desire to arrange a commercial agreement, and nothing can do more harm than to suggest that if we give an advantage to one Dominion, the loss of that advantage will be resented by the others." All that one can say is that Major Elliott's arguments seem to have been quite forgotten by the United Kingdom delegation at Ottawa, and that we shall be faced with the same bargaining weakness if they are forgotten under similar circumstances again. For instance, though the Government seem to have spurned the idea of participating in a low tariff group in Europe, might there not be a chance, which would commend itself to them, of establishing a low tariff group within the Empire?

Thus criticism of the Ottawa agreements in the Dominions comes from two sides : from those who deplore the failure to take the opportunity really to liberate trade over the vast, and potentially almost self-supporting, area of the British Commonwealth, and from those who regret such minor cuts as were made in protection for Dominion industries. There are many in the former category who would have liked the Conference to have agreed upon a maximum rate of protective duty within the Empire. To such minds, the general undertaking with regard to the revision of their tariffs, entered into by Canada, Australia and New Zealand, is open to grave suspicion. It pledges them to afford tariff protection against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success, and on a level which will give the United Kingdom producer full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production. These phrases, the critics point out

—" relative costs," " economical and efficient," " reasonable competition," " sound opportunities for success "—are open to very varying interpretations. Indeed, the promptitude with which Dominion tariffs have been revised on these terms in favour of the United Kingdom has not been remarkable. On the other hand, it has been urged that the use of the same phrase in three of the agreements establishes the same criterion for all, so that the industry in the Dominion with the lowest rate of duty sets the standard of " economical and efficient production " for all three.

Nevertheless, it must be granted that the loudest criticism in the Dominions comes from those who see in the Ottawa agreements the thin edge of the wedge under their protective structures. This carries weight with the public for several reasons. First, the Dominions, like other countries, are suffering from acute commercial depression, and view with misgiving any measure likely to weaken their existing economic fabric, which is based on high protection, however cumbersome and expensive that fabric may be. Second, vested interests, such as always flourish behind tariffs, are notoriously compact and powerful in propaganda. In certain Dominions the less scrupulous of such interests have not hesitated to play upon any kind of anti-British sentiment—even antagonism to body-line bowling. In Australia, resentment against the policy of the British Government in favour of the restriction of supply of primary products has been freely used by disgruntled elements as a stick to beat Ottawa—but of that issue more will be said later. The fact is that in the Dominions, as in this country, the conclusion of long-term, written agreements for preferential trade has pitched the whole question of the Empire into the dusty arena of party politics. That is true especially of the commercial aspect of the Empire but indirectly of its political aspect also.

The Ottawa agreements, frankly, have left rather a bad atmosphere round the Empire. The whiff of powder from the more bellicose of the encounters between the statesmen of the Commonwealth took a long time to blow away. The cries of the industries affected by tariff adjustments in the Dominions —that the employment of thousands has been sacrificed for the sake of the British manufacturer who sweats his work-people— will long reverberate. Besides, Governments and individuals have felt aggrieved at the slowness or half-heartedness with

which in some cases promises given at Ottawa have been carried out. Of course, these troubles have nothing to do with the particular character of the tariff agreements or with the fact that the negotiators were the different members of the British Commonwealth. That fact, however, means that dissension is all the more dangerous, since a breach of the ties of loyalty and affection that bind the Dominions to the Mother Country, and us to them, could not be easily atoned for, nor amended by some later gesture. Those ties are our real imperial patrimony, which it would be folly to dissipate. Without them, the political and defensive structure of the Commonwealth is meaningless. To jeopardize them, as we do every time we try to use the British Commonwealth as an excuse for a commercial bargain, is a very dangerous game.

So far, it cannot be fairly claimed that the game was worth the candle. Our concessions to the Dominions have been in operation now for three parts of a year, and their specific concessions to us for shorter periods. Their most important undertakings, however, were undoubtedly those relating to the general revision of their tariffs, in which respect there is very little to show. In New Zealand, representatives of British exporters are being heard by a competent tribunal whose bias, if any, is in favour of lower tariffs. Canada has constituted what is admittedly a particularly able and impartial tribunal to implement her promise—but that is all. Australia still lags tardily behind, obsessed with the preliminary task of regularizing the extraordinary confusion of temporary orders and prohibitions that constitutes her tariff régime.

The purpose of liberating trade, which the Ottawa agreements ostensibly possessed, was, after all, only an immediate one. The ultimate purpose was to restore the profitability of trade by enlarging markets, encouraging capital expansion, enlarging consuming power both for primary and, in exchange, for manufactured goods, and so raising the general level of prices. The rise in prices might, conversely, be regarded as an immediate purpose, to which the liberation of trade was subordinate and consequential. The extraordinarily high tariffs of the present day, both within and without the Empire, are due, more than to any other factor, to the fall in prices and the resultant inability of debtor countries like the British Dominions to pay their debts without forcing their exports and rigorously cutting down the volume of their imports. It seems certain

that a rise in primary commodity prices by, say, 20 per cent. would enable the Dominion Governments to carry out a far more liberal reform of their tariffs than they afforded us as a result of Ottawa. It is a pity, therefore, that the declaration of the assembled Governments at Ottawa that they would pursue cheap-money policies with a view to raising the average level of commodity prices was not followed by more specific action in the great creditor country of the Commonwealth, directed towards a rise of the general price level. That declaration has now been repeated even more emphatically in the joint statement of the British delegation to the World Economic Conference, which was warmly welcomed by Dominion opinion; but it still remains to be seen whether, as a matter of practical monetary policy, the British Government and the Bank of England put the raising of prices or exchange stability first.

Exchange stability is an aim not by any means to be despised, of course, particularly within an area or group having special commercial ties, like the British Commonwealth of Nations. But it ought not to be subordinated, at this particular phase of the trade slump, to the purpose of raising prices. Hence no blame attaches to those countries, like New Zealand, whose local price system, distorted by the low level of values for primary products, has demanded re-adjustment through exchange depreciation. This is no place in which to enter into argument about the particular event of New Zealand's raising the premium on sterling from 10 per cent. to 25 per cent. last January: especially as the decision seems to have been taken at least as much on account of political pressures as on account of economic necessities. But this much is relevant. Opponents of the change, headed by Mr. Downie Stewart, deprecated what seemed to them a virtual breach of the Ottawa undertaking because it would impose the equivalent of an additional general 15 per cent. tariff on all imported goods. Their antagonists, in the country if not in the Government, were swift to retort that in that case the Ottawa policy imposed an unjustifiable restraint upon the country's national economic policy. It is not taking sides in the dispute to observe that tariff concessions are of temporary and uncertain value if the basis of the profitability of trade is not restored. It could not help New Zealand much that we should take a larger proportion of our butter imports from her if every pound of butter she produced meant a commercial loss. Hence it is

not New Zealand's monetary policy which we should question in relation to the undertakings given at Ottawa, but our own.

The necessity of raising average prices, by liberating trade and by encouraging the expansion of consumers' purchasing power, has little to do with policies of raising prices by regulating production, though in some special cases they may also be necessary. The difference between the two lines of approach is aptly illustrated by the British Government's dilemma at Ottawa over the meat quota scheme. The scheme was designed to assuage the consciences of those who had declared their opposition to "food taxes" which would raise the cost of living to the consumer; yet it was equally and explicitly designed to yield to the Dominion producer an increase of price such as a mere tariff on the foreign product could never assure him. Under these circumstances the consumer can legitimately complain that sand has been thrown in his eyes. But he would have no grievance (as an average member of the consuming public) if prices were to rise because of an expansion of general purchasing power, in which his income is an item. At the other end, under the latter conditions the producer gets the full benefit of whatever rise in prices there may be, unmitigated by any curtailment of his output. Further, the policy of restriction is not calculated to improve the price level over the whole range of commodities, for consumers will have just as much less to spend on other things as they add to their aggregate expenditure on the restricted articles.

The British Government cannot deny (nor is there anything shameful in the thing) that its primary concern in its policy of agricultural restriction is the advantage not of the Dominion producer but of the British farmer. If that were not so, the Government might be expected immediately to succumb to any adverse criticism of its plans by the people in the Dominions whom it is intended to benefit, and who might be supposed to know their own business best. The Dominions, for their part, are perfectly willing (as controversy with New Zealand and Australia over butter restriction earlier in the year proved) that supplies of foreign primary products should be regulated, but their producers are extremely suspicious of any proposal for restricting their own output or exports. Mr. Forbes recently voiced this opinion of New Zealand at the World Economic Conference, adding, "We

look to the removal of barriers, and the restoration of purchasing power, to enable increasing supplies to be absorbed." Mr. Bruce spoke even more emphatically on behalf of Australia. "The restriction of production seems to us," he said, "a terrible policy to accept. Under it, Australia would fail in her duty to utilize her resources for the benefit of mankind, and would find it difficult to carry out her obligations in respect of external debt. It seems," he went on, "an attitude of almost intolerable pessimism to take the view that the world's evils can only be remedied by restriction of production." The Canadian Prime Minister, in advocating the temporary limitation of world wheat acreage, pleaded that the importing countries should buy more, in return for the undertaking by the exporting countries to produce less—a plea which was vigorously repeated by the exporting interests at the London Wheat Conference. This is a very proper attitude for the Dominions to adopt with regard to proposals for the restriction of their exports of any commodity, and so they are naturally resentful when they observe that on the contrary the British Government intends, apparently, to foster the expansion of production at home. First-hand experience in Australia and New Zealand since the Ottawa Conference bears witness to the bitter feelings which this part of the Government's economic policy has aroused in those Dominions. To those who bridle at the least suggestion of control from Whitehall, the flavour of economic fascism in the restriction policy is wholly obnoxious.

Another general line of criticism, levied against the Ottawa agreements, was to the effect that they barred this country from pursuing a concessionary tariff policy towards foreign countries having close economic ties with us, and would handicap the Government in securing a general liberation of trade at the World Economic Conference. This criticism has not been fully put to the test, because the attitude of the gold countries, following the American refusal to stabilize the dollar, prevented the discussions of tariff policy at the World Conference from reaching a practical issue. Nevertheless, events have lent some weight to the criticism. For instance, when the British Government negotiated the recent trade treaties with Scandinavian countries, it was limited, as concerned a number of important commodities, to promising not to increase the duty above the level agreed at Ottawa. Concessions were therefore largely made in connection with

quota policy. What further advantages might have been obtained had this limitation not existed can only be guessed; possibly they would have been much smaller than those gained from the Dominions by the Government's actual policy.

What is more important is that the Ottawa agreements bar the United Kingdom, during their currency, from entering into either a low tariff group (in which the maximum tariff on primary commodities would presumably be not higher than, say, 8 per cent. *ad valorem*), or an agreement with other countries for the progressive reduction of mutual tariffs, like the Belgo-Dutch Convention. Such derogations from the most-favoured-nation clause as these contingencies demand are contrary to the general commercial policy of the present Government, and were, indeed, banned by a special resolution of the Ottawa Conference. Since, however, experts like Sir Walter Layton hold the contrary view, there is no need to assume that what is official British policy to-day will always remain so. This is no place to debate the broad issue of commercial policy in relation to the most-favoured-nation clause; all that is opportune is to point out that Ottawa did deprive us of a certain liberty and flexibility in tariff negotiations with foreign countries, which might prove valuable and which has to be weighed against the concrete advantages gained.

Perhaps the most profitable way of regarding the whole principle of commercial agreement within the British Commonwealth, as put into practice at Ottawa, is to relate it to the general trend of world economics. In the first place, economic nationalism is the order of the day, and there is no immediate prospect of its abating. On the other hand, emergency restrictions which are not part of coherent or deliberate policies of economic nationalism have been imposed as a result of the world economic depression, and no effort must be spared to accelerate their removal. Thirdly, national protection of secondary industries has not prevented (indeed, in the case of some of the new countries it has aided) the obsolescence of the common idea of world trade as principally an exchange of raw materials for finished products, foodstuffs for manufactures. Every temperate country, and some sub-tropical countries, are manufacturing countries on an important scale, and a very great part of international trade consists of the exchange of one class of manufactured goods for another. This tendency is reinforced by the secular decline of the prices

of primary commodities in comparison with those of manufactured wares.

Now this country, by itself, has a uniformly unfavourable interest in the policy of economic nationalism. Economic autarchy for these highly populated and industrialized islands is a fantastic aim, which must inevitably be associated with a dire depression of our standard of life. It is different if we consider the whole of the British Commonwealth as the unit of economic nationalism. For the whole Commonwealth, the extent of material self-sufficiency and industrial specialization that already exists renders isolation conceivable. But we must beware lest we pursue a delusive Imperial autarchy without first diminishing economic nationalism within the borders of the Empire. To do so need not imply the fatuous fancy of "Empire free trade." Nor need it be based on a conception of economic groups comprising industrial countries on the one hand and primary producing countries on the other, for this ideology is both repugnant to Dominion feeling and contrary to the tendency of the world. What must be insisted upon is, first, the abolition of extreme protectionism, and of all abnormal or arbitrary surcharges; and, second, agreement for industrial specialization within the Commonwealth, so that the articles upon which it was agreed Great Britain should specialize should pass practically free of duty into any Dominion. This must essentially be accompanied by freedom from restriction on the trade in the articles, mostly primary commodities, in which the Dominions themselves specialize. In default of these things, the pursuit of imperial economic nationalism can be nothing but dangerous, for it adds fresh barriers to those which are already strangling the world trade on which we thrive, and binds our hands in fighting or mitigating the economic nationalism of others. It is because we had no such guide or principle at Ottawa that the Conference and later events have proved disappointing.

H. V. Hodson.

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The European Gold Bloc

By Norman Crump

THE kaleidoscopic changes in the American situation have naturally relegated to the background the more sober course of events on the Continent, but yet events of considerable importance have lately been taking place. Early in the summer, several of the European free gold currencies displayed a definite tendency to weakness, and twice the Dutch guilder was within measurable distance of being driven off the gold standard. On July 8th, however, when it had become clear that no immediate result would be forthcoming from the World Economic Conference, the free gold countries felt the time had come to declare in unequivocal terms their determination to adhere to the gold standard and to formulate measures of mutual support; and a declaration to this effect was subscribed to at Paris by France, Italy, Belgium, Holland, Switzerland and Poland. This declaration had immediate reactions, and continental opinion has recently gone so far as to say that speculative operators in the exchange markets regarded it as the one tangible and definite fact upon which they could base their plans. Be that as it may, it coincided with a remarkable recovery in the exchanges of the smaller signatories of the Agreement, including Holland, Belgium and Switzerland. The guilder in particular which previously had been quoted against the French franc at the export gold point at which it paid to send gold from Amsterdam to Paris, at once appreciated to the other extreme of the import gold point and since then it has maintained its strength.

Now what are the motives behind this agreement? And is it likely to last? The main motive is undoubtedly fear of inflation. Most of the signatories to the Agreement have already passed through one period of severe inflation during which their currencies were reduced to a fraction of their former values, and this came as a crushing disaster to all

recipients of fixed incomes. A repetition of this experience would rightly be regarded as a grave social injustice, and any Government which by abandoning the gold standard, opened the door to fresh inflation, would undoubtedly incur the resentment of its electorate and might even provoke political and social disorder. This view is felt even in Holland and Switzerland, for while these countries have not themselves experienced inflation, they have witnessed it in every neighbouring country.

Allied with this leading motive come others of an almost equally compelling character. The devaluation of the franc and the lira soon after the war seriously affected the prestige of these currencies, and should it prove possible to maintain their gold value at a time when the pound and the dollar were fluctuating and depreciating, this lost prestige would automatically be regained. The recovery of prestige would restore confidence as well, which might go a long way to eradicate the present French tendency to hoard gold—a tendency which would increase enormously, if once there arose the faintest suspicion that the French Government was contemplating the suspension of the gold standard. Economically the adjustments in wages and costs which were necessitated by the fall in prices since 1928 and by the divorce of sterling from gold in 1931 have already been largely carried into effect, as is shown by the moderate revival in trade which began a few months ago. On this ground it would be suicidal to take a step which would call for fresh readjustments of a drastic and widespread character.

Politically and economically it would be both dangerous and unnecessary for these countries to abandon the gold standard, and this general view is held even in the face of the special difficulties of Holland with her impoverished East Indian primary producers, and Switzerland with her attenuated tourist traffic. Financially, there is no actual or potential threat to the gold reserves of these countries of a kind calculated to drive them off gold. Current Paris estimates are to the effect that the Banque de France holds gold which amounts to eight times as much as the short-term obligations of the Paris market to foreign centres. To-day there is comparatively little foreign short money lodged either in Holland or Switzerland, and it could all be withdrawn without causing any serious drain upon the gold reserves of these countries.

The only real danger is an impairment of internal confidence, leading to a flight of capital from these countries, and here it is only necessary to point to the great improvement in confidence which followed the "gold bloc" declaration of July 8th. France, it is true, has her budget problem, but responsible opinion in Paris is inclined to minimize this, and to look for an early solution. Besides, our own experience in 1931 showed that the balancing of the budget *must* precede the suspension of the gold standard. To that extent the current French deficit is an insurance against the French suspension of the gold standard, especially as the franc is not susceptible to attacks from abroad, as the pound was in 1931.

To sum up, if the average Frenchman, or Belgian, or Italian, or other member of the gold bloc were asked why he wished to remain on gold, he would reply that it was the only honest course of action; that there was nothing to compel the suspension of the gold standard; and that suspension would involve further serious readjustments and might even provoke general disorder. It would certainly drive the present French Government from office, and probably other Governments as well. He would admit that his country was faced with the prospect of several years of lean trade and low prices, and would even concede that further trade restrictions in the form of higher tariffs and more rigorous import quotas might be needed as a defence against the non-gold countries. He would, however, consider that this was a price worth paying, and he even goes so far as to say that the maintenance of the gold standard by these countries will help to accelerate the necessary processes of world-wide readjustment, and so to bring nearer the day of general recovery.

The other question is, how long is the gold bloc likely to last? Can its objective be achieved, or will external forces prove too much for it? It must be admitted without further delay that the Agreement of July 8th is very loose in texture, and that there has been a tendency in England and the United States to attach far too precise and definite a meaning to it. It consists of nothing more than a general and even vague undertaking between the signatories to support each other, and no actual machinery has been devised. Even the association of the Bank for International Settlements with the Agreement means little. The Bank owes an identical duty to all its shareholders, whether they come from gold or non-gold

countries, and the most it can have done is to promise its assistance in an advisory capacity—a service which it is equally prepared to render to non-gold countries.

One danger to the gold bloc possibly comes from Germany. German finances are now largely in the hands of Dr. Schacht, the President of the Reichsbank, and no one can deny that that in itself is a guarantee that they will be wisely administered. No one, too, realizes better than Dr. Schacht the incalculable dangers of inflation, and so the world may rest assured that if it is humanly possible the nominal gold value of the reichsmark will be maintained. Yet Germany is to-day under the pressing necessity of improving her balance of payments, and indeed, she would claim that the recent transfer moratorium on her external obligations represented an inability and not an unwillingness or refusal to pay. " Buy more of our goods," she has in effect said, " and we can pay more of what we owe."

On the other hand, while Germany is determined to maintain the gold standard in name, in practice she is beginning to develop methods of conducting her export trade upon roughly the sterling standard. The procedure is that under certain conditions she is prepared to authorize potential foreign buyers of her goods to acquire " registered marks." These marks come from various blocked accounts (consisting of money due to foreign creditors, the payment of which is temporarily prohibited), and as such marks are now obtainable at a discount of about 30 per cent. below gold parity, the result is that once the necessary authority is given, the importer can finance his purchase at a cost 30 per cent. below what it normally would have been. So far, authority has been granted very sparingly, and the German exporter has had to provide evidence that without this concession the business would fail to materialize. Continental opinion, however, looks to an extension of this practice, and indeed goes so far as to say that Germany is following Austria's example, and is " creeping " unnoticed off the gold standard. Support is lent to this view by the suggestion that the " scrip " marks, which are being given under the transfer moratorium of July 1st and 8th to Germany's foreign creditors in settlement of half their claims, are to be similarly made transferable to potential buyers of German goods at a discount not of 30 but of 50 per cent.

The German defence to this charge of creeping off the gold standard has already been given. Every sale of registered

marks or scrip marks to a buyer of German goods means the discharge of a little more of Germany's foreign indebtedness, and so Germany is simply putting into practice the simple fact that she can only pay her debts by selling her goods. If, however, this practice becomes general, German industrial competition will become a serious matter both to the sterling countries and more particularly to the gold countries. It will in fact be a far more serious matter than American competition, fostered by the depreciation of the dollar, is likely to become, for while American trade is complementary to that of England and France, German trade is more directly competitive. The gold bloc may be able to resist this fresh competition by means of further trade restrictions, though these in themselves would be retrograde and undesirable. Even so, absolute confidence is not felt that the gold bloc would be able to hold out indefinitely against a Germany who for the purposes of her export trade had transferred herself from gold to sterling.

On the other hand, it is in many ways definitely in England's interest that the gold bloc should remain in being. At the moment there is some evidence that sterling is undervalued *vis-à-vis* the gold currencies, with the result that British producers enjoy an advantage over their French and Belgian competitors. The break up of the gold bloc and the depreciation of the gold currencies would destroy that advantage, and would probably mean that sterling became over-valued. Again, the break up of the gold bloc would at once be followed by a renewed outburst of gold hoarding, which might create acute monetary and banking difficulties, which to a limited extent might spread to London. In any case the disappearance of the gold bloc would be a serious blow to confidence and so would defer indefinitely the fall in international long term interest rates, the resumption of international trade and lending, and the absorption of those huge idle balances whose vagaries are to-day so potent a cause of exchange fluctuations and general unsettlement and uncertainty.

No doubt these considerations are present in the minds of the British authorities, who doubtless realize that any operations undertaken to check undesirable fluctuations of sterling against the French franc may also affect the Paris exchange quotations for belgas, guilders and Swiss francs. These considerations

also explain why in so far as an informed opinion can be reached it would seem to be undesirable for there to be any further serious depreciation of sterling against the gold currencies, for it would add to the under-valuation of sterling and so to the difficulties of Continental producers, and so might constitute a fresh threat to the stability of the gold bloc. This need of supporting the gold bloc will probably gain in importance, if and when the German threat develops. The net result is that no definite assurance can be given that the gold bloc will remain in being until the affairs of the world have been straightened out, and until the road is clear for general exchange stabilization and a liberation and revival of world trade and finance, but that every effort will be made to maintain the gold bloc, and that to-day its members have many important factors in their favour. Our main duty in England to-day seems to be to recognize that it is in our interest to assist the gold bloc and do all we can to preserve it.

NORMAN CRUMP.

Notes of the Month

The Money Market.—Fundamentally the position remains one of extreme ease. At the end of August, some slight stringency was noticeable, and the "hot" Treasury bill discount rate hardened to $\frac{3}{8}$ per cent., but this was entirely due to temporary discrepancies between the dates of Treasury bill payments and maturities, which for a short time transferred about £20 or £25 millions from the money market to the Exchequer. By the middle of September this money had emerged again, so that short loans were as easy as ever at rates of $\frac{1}{4}$ per cent. and less, while discount rates displayed renewed weakness. The Treasury bill tender of September 22nd, in fact, established a new record low rate of 4s. 9·15d. per cent., but this was partly due to the fact that the bills offered on that date matured in the last week of December, when the money market is always in need of funds, and they, therefore, met with a special demand. The following Monday, however, the banks decided that the time was opportune for an attempt to raise discount rates to a more remunerative level, and so they refrained from buying Treasury bills at rates lower than $\frac{1}{2}$ per cent. The immediate consequence was to restrict business in the discount market, for holders of bills had bought them at rates of $\frac{1}{4}$ and $\frac{5}{16}$ per cent, and so were naturally disinclined to sell at $\frac{1}{2}$ per cent. It may not be easy to maintain the rate at $\frac{1}{2}$ per cent. for more than a limited period, for the issue on September 27th of a new Conversion Loan of £150,000,000 suggests that the normal autumn expansion in the Treasury bill issue may not take place; for the Government have no Treasury bond maturities to meet before February at the earliest, and so cash subscriptions for the new loan can be applied to the redemption of Treasury bills. Further factors affecting the immediate outlook for discount rates are that currency will continue to return from circulation from now onwards until the Christmas shopping season, and this will increase the supply of funds, while in the absence of a revival of world trade there is not likely to be any increase in the present very limited supply of commercial bills. The truth is that the London money market is at present prevented from performing its normal function of financing world trade, and is mainly engaged in financing the short-term requirements of the British Government. It is thus not only suffering from

unemployment, but is having to perform an unnatural duty. In fact, while on many grounds it would be desirable to fund part of our floating debt while long-term interest rates are low, such an operation might easily add to the difficulties of the London money market.

The Foreign Exchanges.—The past few weeks have again been eventful in the foreign exchange market. While recently there has been little direct inflation of currency or credit in the United States, there is a general belief in all parts of the world that eventually the Administration will be forced to inflate and even to implement the clause in the Farm Relief Act permitting the devaluation of the gold content of the dollar by 50 per cent. Whatever the justification for this belief, it has certainly caused heavy transfers of funds from New York to Paris and also heavy sales of forward dollars by foreign holders of American securities who are anxious to insure themselves against a loss on exchange. London remains the principal and widest foreign exchange market in the world, and so most of these transfers have been made through London, dollars being sold for sterling, which, in turn, are sold for francs. The result has been both a depreciation of the dollar against the pound and the pound against the franc, so much so that between August 22nd and September 20th the dollar depreciated in London from \$4.50 to \$4.86½; while the pound fell from Frs.84⅛ to Frs.78¾. There was some recovery in the dollar to \$4.71 during the following week, due partly to commercial purchases of dollars which were naturally inspired by the sharp depreciation of the New York rate, and partly to constant rumours from New York to the effect that the American Administration were considering some form of intervention in the exchange market in order to check undue fluctuations in the dollar. Up to the end of September it was not easy to find any foundation for these rumours, for to mention only one point there was no sign that the co-operation of the London market was being sought. In any case, it is useless to pretend that by the end of last month there had been any general restoration of confidence in the dollar. As regards the position of sterling, it has been noticeable that practically no official intervention has taken place in London since the end of July, and the inference is that the pound is being left free to find its own level. It is also probably true to say that the present level of British and French wholesale prices corresponds roughly to an exchange rate of Frs.90, or even Frs.95, though it is

naturally impossible to give a precise figure. If so, there is room for a further rise in British wholesale prices without there being any need for a further depreciation of the Paris exchange; or, alternatively, there is room for a recovery in sterling against the franc. Continental opinion, in fact, expects a recovery in sterling to begin in December, when the autumn pressure is over, but this view does not entirely carry conviction in London. The declared policy of the British Government is in favour of a rise in sterling prices, which rather points to the pound remaining about Frs.80. Still, it is noticeable that the Empire and Scandinavian exchanges have not moved *vis-à-vis* sterling, so that they, too, have depreciated against the gold currencies. This means that unless the pound recovers against the franc, or unless there is a rise in prices all over the sterling area, the difficulties of the gold bloc may be increased.

The Stock Exchange.—Notwithstanding encouraging trade reports and the recent turn upwards in American commodity prices, the London Stock Exchange has remained dull and hesitant, and the strength of British Government securities is evidence that the average investor is still chiefly guided by motives of safety. At the end of September the Treasury took advantage of this renewed strength of the gilt-edged market to issue a fresh conversion loan, consisting of £150 millions of 2½ per cent. 1944–49 Conversion Loan. Holders of 4½ per cent. Treasury bonds, maturing on February 1st next, were invited to convert into the new stock at the rate of £106 7s. 6d. for every £100 of bonds surrendered, and as it is highly likely that a large proportion of these bonds are now held by Government Departments, the offer will probably be widely accepted. Cash subscriptions were also invited at a price of £94 per cent., which is slightly less than the market price of similar stock ruling immediately before the issue. The new loan will probably prove fairly acceptable to financial institutions, principally because Treasury bills are now so unremunerative, but also because the price of issue leaves scope for capital appreciation. The yield will appear low to the ordinary investor. As regards the stock exchange outlook, it is very easy to appreciate the general attitude of caution, for no one can tell what is likely to happen in the United States, while the European political situation also possesses elements of uncertainty. Moreover, it is very likely that during early August prices of British railway and industrial stocks rose in some cases too

far and too fast, so that some reaction, inspired by profit-taking and a general realization of this fact, was inevitable. This probably accounts for the recent reaction in home railway stocks, for traffic returns remain relatively satisfactory and home industrial activity was well maintained during the holidays. The uncertain tone of leading industrial shares is probably also due to this cause, accentuated by passing reactions from Wall Street, while additional doubts also rose regarding the earning capacity of British companies possessing extensive interests in the United States. Too much stress, however, should not be laid upon these various motives and their effects, for they made themselves felt at a time which immediately succeeded a sustained buying movement. The dominating factor in the market for British industrials will be the general state of home trade, and here the outlook is still reasonably hopeful. As regards the specialized markets, oil shares registered a marked improvement in early September, as a result of the proposals to regulate American production under the new oil code. Rubber shares, though subject to fluctuations, have on balance maintained the recovery which occurred during the summer months, and a sharp rise took place at the end of September. Gold-mining shares have not responded to the further rise in the sterling price of gold to a new high record, but their previous rise had been very marked, and the industry has been overshadowed by labour troubles on the Rand. Base-metals have been dull. Tea shares have lately displayed additional strength in sympathy with the higher prices now quoted at the London tea sales.

Overseas Trade.—The August trade returns appeared unusually encouraging for a holiday month, but it must be remembered that there is always a time-lag between the receipt of orders and the production and shipment of goods, and so they may reflect the improvement in business which began in May and June. On the other hand, our retained imports of raw materials rose from £12·6 millions in July to £14·3 millions in August, and while some allowance must be made for influence of the simultaneous rise in the prices of primary products, this increase suggests that British manufacturers are taking a hopeful view of the immediate future. Total imports were valued at £56·8 millions in August, against £53·7 millions in July and £53·3 millions in August last year, while British exports were valued at £31·0 millions in August, against £29·8 millions in

July and £28·6 millions in August last year. Re-exports at £4·3 millions also showed a small improvement over last year.

Description.	Jan.- Aug., 1932	Jan.-Aug., 1933	Increase (+) or Decrease (−)
	£ mn.	£ mn.	£ mn.
Total Imports	465·9	430·3	−35·6
Retained Imports	429·8	396·5	−33·3
Raw Material Imports	112·0	115·0	+ 3·0
Manufactured Goods Imports... ...	106·2	95·8	−10·4
Total Exports, British Goods	244·9	236·2	− 8·7
Coal Exports	21·3	20·4	− 0·9
Iron and Steel Exports	18·9	18·9	—
Cotton Exports	43·6	39·6	− 4·0
British Manufactured Goods Exports...	187·1	181·4	− 5·7
Re-exports	36·1	33·8	− 2·3
Total Exports	281·0	270·0	−11·0
Visible Trade Balance	−184·9	−160·3	+24·6

Over the first eight months of this year, imports show a decline of £35·6 millions in comparison with 1932 and one of £122·8 millions in comparison with 1931. British exports have fallen by £8·7 millions since 1932 and by £26·4 millions since 1931. The adverse visible trade balance for the eight months has improved by £24·6 millions since last year and by £85·7 millions since 1931. This improvement is sufficient to inspire the hope that unless there has been a further serious contraction in our invisible exports, we may this year at last restore our former favourable balance of payments.

Home Reports

The Industrial Situation

Current reports from home industries are on the whole cheerful in tone, and more general indicators such as the August unemployment statistics, railway goods traffic returns, electricity consumption and the state of retail trade go to confirm this more hopeful view. It is now clear that as regards home trade an affirmative answer can be given to one of the questions anxiously asked last summer, namely, whether the revival would prove sufficiently genuine and permanent to last over the holidays and into the autumn. This month's reports from the heavy industries are particularly encouraging, for they show that iron and steel, engineering and even shipbuilding are at last reviving. The motor industry remains very active, particularly in the light car section, but the recovery is less pronounced in electrical engineering. The textile and clothing industries should benefit from the improvement in home retail trade, but export trade in cotton goods has become very disappointing. Taking a general view, there appears to be no reason why the revival in internal trade should not be maintained, but the outlook for export business is much less certain as it depends among other things upon economic developments in the United States and political developments on the Continent. Still combining all these factors, it appears legitimate to look for a further limited recovery.

Agriculture

England and Wales.—Most of the corn harvest had been completed by the end of August and grain is in good condition with over average yields. Some potatoes have been lifted and these are found to be sound though rather smaller than usual. The long drought retarded the growth of root crops, but the sugar content of beet is likely to be above average. Yields of hay are lower than usual, but the quality is good. Pastures are very bare owing to the recent dry weather, but cattle and sheep are in fair condition. Milk yields have fallen.

Scotland.—The early completion of the harvest has resulted in a quiet spell before potato lifting commences. Potatoes have suffered from the drought, and the tubers are likely to be small.

Turnips have also been affected by the drought, but sugar-beet promises to be one of the best crops of the season. In the livestock markets, sheep and lamb sales are good and cattle for feeding have also been in demand. New grain is now in plentiful supply, with barley strong. The potato trade is better.

Coal

Hull.—Current output is being mainly absorbed by outstanding contracts, and such surplus coal as remains over is being sold at high prices. Even so, hardly enough surplus coal is available to encourage merchants to seek new business.

Newcastle-upon-Tyne. — Demand for Northumberland screened coal has improved, and many collieries are in a better position than they have been for some time. The outlook for future business is also brighter, owing to the seasonal broadening of demand. Graded coal continues strong, and many grades are difficult to obtain. Gas, coking and bunker coals are quiet, but gas and foundry cokes are firm.

Sheffield.—The position is dull, but an improvement is expected by reason of the additional allocation of 400,000 tons for the quarter in the Midlands Amalgamated District. Export enquiry is improving and industrial fuels are better, but domestic grades remain quiet.

Cardiff.—Export trade remains depressed, and large stocks are standing. In most cases buyers have no difficulty in covering their requirements at minimum prices. The anthracite market remains firm, but demand for patent fuel and cokes is still poor.

Newport.—Coal shipments have decreased, but patent fuel exports show a considerable improvement.

Swansea.—Buyers still show considerable interest in most of the best grades of anthracite, and prices generally are firm. A better tendency is also apparent for second qualities. Steam coals are moving slowly at recent prices.

East of Scotland.—All classes of washed fuels remain firm with the exception of trebles which are now in ample supply. Steam coal has weakened in both Fife and the Lothians.

Glasgow.—There is a moderate improvement in home trade, mainly due to seasonal requirements. Large coals,

however, are still plentiful for export, especially in Lanarkshire, where collieries are handicapped by the heavy stocks accumulated during the dull season. Washed singles are scarce.

Iron and Steel

Birmingham.—The tone is much more cheerful. An increased volume of business has been transacted, and there is a tendency to buy forward. The turnover in steel billets, sheet bars and small merchant bars has considerably improved, while there is a slightly better demand for sections from the shipbuilding and engineering trades. Prices for semi-products are advancing, but values of sectional material and plates remain unaltered.

Sheffield.—Production of basic steel billets and other semi-manufactured material continues to expand, and the aggregate output of basic steel constitutes a record for a good many years. Other sections are also improving, the most active lines being steel and steel parts for automobiles, stainless steels, cold rolled materials and magnet steels.

Tees-side.—Conditions are slowly but steadily improving. The output of pig-iron is heavier, and the outlook is promising. The tone is firm and consumers are buying for forward delivery with greater freedom. Home prices of Cleveland and East Coast hæmatite iron are very firm, but substantial concessions have to be made to secure overseas business. Semi-finished steel production is good and makers have well-filled order books. The sheet mills are busy, but there is still a shortage of heavy finished steel orders.

Newport.—There are still no iron ore imports, and those of semi-manufactured steel remain the same. Shipments have declined slightly.

Swansea.—The tinplate trade worked during August at 66 per cent. of capacity. Prices are lower and demand easier, but this is mainly seasonal. Steel works are working at about 70 per cent. of capacity. No foreign tinplate bars were imported into South Wales during August.

Glasgow.—The West of Scotland works are on the whole steadily employed; the summer improvement has been maintained and producers are more confident as to the future.

Export business shows a tendency to increase, but the expansion in business is mainly due to improved home demand. There are more pig-iron furnaces in blast.

Engineering

Birmingham.—In the motor trade, business in light cars continues to predominate and production is behind delivery. Not many 1934 models are announced yet, but the tendency is to increase prices. Demand for second-hand cars is keen and better terms are consequently obtainable on part-exchange transactions. Trades which serve the motor industry are mainly busy, but reports from the heavy engineering sections show only slight improvement.

Sheffield.—The tool trade maintains its improvement and turnover continues to increase. Export trade shows signs of revival. Seasonal buying of permanent magnets is causing many firms to work overtime in order to cope with the demand.

Wolverhampton.—Trade shows a steady advance, the edge tool trade, in particular, having a better output.

Glasgow.—Several firms who are working on the orders for sugar machinery for India are fully employed, and the contracts will take some time to complete. Naval orders are sufficient to provide about eighteen months' work for the marine branch. There are about 35 ships under construction on the Clyde and all of these are being provided with engines by local firms, some of which are also building propelling machinery for vessels under construction in other areas.

Metal and Hardware Trades

Birmingham.—Business is brisk in the cold rolled brass and copper sections, and regular orders are now coming forward. Home demand for metal smallwares continues, and there are signs of revival in the export trade. Business in electric fittings and hearth furniture has improved. The jewellery trade is still quiet, but manufacturers of the cheaper lines are doing much better. The chromium and allied platers have good orders on hand.

Sheffield.—Most sections of the cutlery trade, sterling silver and E.P.N.S. ware show slight improvement. Scissor makers,

who now enjoy practically a monopoly in the home market, are busy, and spoon and fork makers report improved business.

Wolverhampton.—Trade is responding to the general revival. Foreign competition in the lock trade is still severe but output is better.

Cotton

Liverpool.—Apathetic conditions have again prevailed in the market, and values are about a farthing per lb. lower than those last recorded. Trading has been largely spasmodic, with no great weight of buying power present to absorb an increased volume of "hedge" selling. No surprise was caused by the second Bureau report, which predicted a crop some 100,000 bales in excess of August figures, and, as previously suggested, it is believed that producers, by doing their utmost to improve land left under cultivation, will nullify the effect of the "compulsory abandonment" plan. The estimated yield per acre, which remains high and unaltered, tends to confirm that view, and the weather throughout August has been exceptionally favourable to the growing crop. Spot sales have made a poor showing, and Manchester advices are without improvement, spinners and manufacturers alike evincing no disposition to "buy for stock." Board of Trade returns of cotton piece-goods exports for August disclose that consignments to India totalled for the month only 30 million as against 55 million square yards in August, 1932. In the United States retail distribution is slow to expand, though spinners' takings for the month were returned at the relatively high figure of 607,000 bales. The price outlook seems still to hinge upon the American situation, and operators are doubtful of Washington's ability to provide any fresh stimulus to arrest the downward trend, which, in the absence of speculative buying, must accompany the movement of the crop.

Wool

Bradford.—Business has been quieter, mainly due to the approach of the London sales. Quotations, however, remain firm as it is expected that prices will be maintained.

Huddersfield.—The increased activity in the woollen mills is well maintained. Manufacturers' stocks have been reduced to small dimensions and satisfactory orders are being received.

Manufacturers and merchants are also reporting that prospects are brighter, and they expect the increased demand to be maintained. Demand for worsteds is better and more enquiries are being received from the Continent and South America.

Hawick.—The Border tweed mills are better employed, but merchants are still very cautious in placing orders, and the rise in wool prices is not having much influence. Hosiery and underwear makers are busier, but are not yet working to anything like capacity.

Other Textiles

Dundee.—As a result of the final forecast of the jute crop being in excess of the estimated world production, the price of raw jute weakened and the volume of business was small. Enquiry is still very active, but actual orders are disappointing.

Dunfermline.—Though buying in the Fifeshire linen trade proceeds slowly, there are still prospects of better business. Exchange conditions and other causes unfortunately do not permit of the extension of trade with North America which is needed to bring about a real improvement. Flax has fallen in price.

Leather and Boots

Northampton.—Trade has been steady, and buyers have apparently not yet realized that prices must rise owing to the increase in the cost of leather. The long spell of dry weather had up to the middle of September caused the public to defer purchasing heavier boots and shoes, and this has made retailers slow in placing their winter orders.

Clothing

Leeds.—Clothiers appear to be well employed, being now occupied with the winter trade.

Shipping

Hull.—Tonnage is still in excess of requirements, and rates generally continue to rule at low levels.

Liverpool.—Except for a slightly increased demand for outward coal tonnage, the freight market has been very dull.

Grain chartering has been of negligible volume, and rates have suffered accordingly. A somewhat better tone has developed for " near " loadings from Montreal, but the River Plate and Australian sections, and also the Eastern trades, have all been very quiet. The month has witnessed the disposal, chiefly to shipbreakers, of several Liverpool steamers.

Newcastle-upon-Tyne.—There has been a better tendency in the Baltic and coast freights. The Mediterranean market has been easy.

Cardiff.—The freight market is rather steadier, and here and there better rates have been paid, but this is really more due to a scarcity of suitable tonnage than to any increased demand.

Newport.—Freights still remain at a low level. A further cargo of raw sugar has been imported, this time from Cuba, the amount being 3,000 tons. The season is now ended, but it is anticipated that sugar imports through Newport will again take place early next year.

East of Scotland.—Conditions at Leith and the Fife ports continue dull with freights easy. In the middle of September there were about fifteen vessels on loading turn for coal shipments.

Glasgow.—Business in the coal freight market is of limited volume, and confined chiefly to the Baltic section. Little business is offering in the coasting, Bay and Mediterranean trades, and the market is dull. Shipments of coal to date show a moderate improvement when compared with the corresponding period of last year.

Foodstuffs

Liverpool, grain.—Some impetus was given to the purchasing of forward wheat by the decisions arrived at by the International Conference, but values have since declined, and despite the firming influence of Argentine cables (the crop of which country is known to have suffered extensively from a prolonged drought) the quotation for October " options " again rules at around 5s. per cental. There has been a diminution in the volume of offerings from continental sources, though some fair sales of Russian descriptions have been negotiated. On the whole, however, the market has been " lifeless " and

trading meagre in volume, millers displaying only a limited interest in forward dealings. Ideal harvesting conditions have prevailed in this country, and the final out-turn of the native crop is likely to be substantially in excess of the average yield. This condition of affairs is reflected also in European estimates, which predict an aggregate production of about 196 million quarters, a figure some 10 millions in excess of that recorded in 1932. Flour was in somewhat increased demand at about unchanged prices. A fair business has been done in maize as regards this country, but continental takings have been small and prices show a tendency to decline.

Liverpool, provisions.—Continental bacon remained in short supply owing to the quota restrictions, and American descriptions were a nominal market. Hams showed a small seasonal decline in price, and lard was easier and in large supply. A feature of the butter market has been a consistent advance in wholesale prices due largely to the drought which has had the effect of curtailing milk supplies in this country; existing stocks have dwindled considerably under the heavy consumptive demand. Cheese met with a disappointing trade and supplies continue more than adequate, prices remaining unchanged. In the canned goods section, meats were in active demand and fruits steady.

Fishing

Brixham.—Landings for August again improved. Prices were steady but still depressed. Continued calm weather was responsible for small catches of mackerel, and the season so far has been disappointing.

Lowestoft.—Landings by British vessels during August amounted to 55,939 tons, of a value of £984,274. This represents an increase over both August last year and July this year. The industry is beginning to benefit from the Sea Fishing Industry Act, 1933, the first orders under which restricted the supplies of undersized fish and the excessive amounts of cod and haddock, which usually flood the market during the hottest period of the year. Herring fishing showed a welcome improvement, which continued until the end of August, whereas in 1932 it virtually ceased early in August. The increased total value for the month as compared with August, 1932, however, was not sufficient to compensate for the shortage in July.

Penzance.—The pilchard fishery is now in full swing and there have been heavy catches, most of the Cornish boats being engaged. Trawl fishing is variable. There are more turbot caught, but rays are less plentiful with prices only fair. Hook and line fishing has been light, but landings of crabs, lobsters and crays have been very good.

Scotland.—Results of the North herring fishing were generally disappointing, and most of the deep-sea fleet are now proceeding to English waters. Line fishing round the Scottish coast has been rather better and prices remained steady.

Other Industries

Paper-making and Printing.—There is practically no change in the Edinburgh paper-making trade, the slightly improved outlook being maintained. The printing trade continues moderately active.

Pottery.—The August foreign trade returns show an encouraging increase in exports over July, the chief exception being a recession in trade with Canada. Home trade is busier with Christmas orders.

Timber.—Hull reports that although imports have been heavy there is still a big shortage in many sizes, partly because several shippers have been unable to execute their contracts. Nearly every importer has experienced difficulty in securing the completion of his early purchases, and floorings are almost unobtainable. In consequence, local mills are enjoying better times and preparing orders are still plentiful. Most agents are now concentrating on early shipments for next season, and it is reported that a few contracts have already been concluded.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Widespread rains at the end of August have now virtually assured another satisfactory season, and this, together with recent increases in wool and butter prices, has improved business sentiment. Further favourable factors are a revival in building, a decline in unemployment, larger outputs of steel and gold, the recent savings on overseas interest charges due to conversion, and the projected reductions in taxation. The wheat market is quiet. Butter production is expanding but is still much below the level of last year.

Canada

From the Imperial Bank of Canada

The improvement in conditions throughout the country is being maintained. Building and construction are still inactive, but the employment index points to a more healthy labour situation, and car-loadings and banking transactions are much better than a year ago. The London wheat agreement has to some extent helped to stabilize the wheat situation, but the grain trade has no great confidence in the benefits of controlled production and fixed prices so far as future crops are concerned. The harvesting of this year's relatively small crop has been rapid, and on the whole it grades high; at prevailing prices its sale should add considerably to current purchasing power. The enforcement of the National Industrial Recovery Act in the United States is having certain reactions in Canada. The Canadian lumber industry is being forced to adopt the N.R.A. basis in order to avoid losing the American market through restrictions against imports from Canada, and the pulp and paper industry is faced with the same problem. The rise in American prices—especially in the case of those products subject to the Canadian tariff—is inducing Canadian importers to divert their orders to Great Britain and other countries. This is expected to bring to a head any plans for reciprocal trade arrangements with the United States.

India

Bombay.—The monsoon has remained generally favourable, but excessive rainfall has caused damage in some parts of

the country. Following the heavy fall in prices in early August the Bombay cotton market has been dull. Some demand from Europe has been noticeable, but most dealers are awaiting American developments, while the Japanese boycott of Indian cotton still persists. The piece-goods market has been unsettled by anxiety as to the political outlook and by the August fall in raw cotton prices, and demand for Manchester goods has been very poor. Enquiries for Japanese goods have also fallen away, and prices have had to be reduced. The turnover in local goods was far from satisfactory.

Calcutta.—As a result of increasing imports, up-country sellers have been keen, and a fair business in loose jute has been done with mills. Trade in baled jute was dull. Calcutta tea prices have now fallen to a parity with London. The quality of Assam teas is gradually falling away, and prices are easier in sympathy. The August crop figure was 14·5 million lbs. below that of August, 1932, making a total reduction for the season to date of 28·5 million lbs.

Rangoon.—Demand for rice is practically at a standstill, and a new low price record has been registered. China crops are reported to be excellent, Bombay and Calcutta are fully stocked with rice, and western markets are not buying even at the present low prices. There is no improvement in the demand for hardware, and Japanese competition in wire nails and window glass is becoming noticeable. Still, despite rumours to the contrary, Chinese dealers are continuing to boycott Japanese goods.

Irish Free State

The continuous August sunshine and the almost complete lack of rain caused cereals to ripen too quickly. The harvest was a fortnight earlier than usual, while straw was short and in many cases the yield of grain was reduced. Barley, however, has proved to be of unusually good quality. Root crops have also suffered from the drought, and can only be described as being fairly average. The sugar-beet crop has not fulfilled earlier expectations. Livestock are in good condition, but with the exception of bacon-pigs and young pigs demand is very limited and prices remain low.

France

From Lloyds & National Provincial Foreign Bank Limited

Imports for the first eight months of 1933 were valued at Frs.19,476 millions and exports at Frs.11,888 millions. These figures compare with imports of Frs.19,891 millions and exports of Frs.12,934 millions for the corresponding part of last year. Imports of raw materials show an increase of Frs.741 millions and exports one of Frs.14 millions. The slow decline in the number of registered unemployed continues. The latest available returns give a figure of 233,681, representing a net improvement of 30,297 during the preceding twelve months. Business on the Bourse has been restricted by the uncertainties of the general world situation. Prices of rentes are mainly unchanged. The first portion of the National Lottery has been over-subscribed, and there is a keen demand for the second part. It is understood that the Minister for Finance intends to request Parliament to repeal the law prohibiting (without special authorization) the negotiation of foreign securities in France. This change would probably extend the list of foreign securities quoted on the Paris Bourse.

Bordeaux.—The wine trade is firm. Old white wines have been in demand, due to the expected re-opening of the American market at an early date. Old red wines have also appreciated, and this season's crop, though of good quality, promises to be below normal in yield. The resin market is weak and prices are falling.

Le Havre.—Cotton prices have fallen in sympathy with the depreciation of the dollar, and also because of heavy new crop arrivals. Demand from spinners has been limited to immediate requirements. Coffee prices have also weakened, and recent imports are sufficient to cover present French requirements.

Lille.—Spinners of linen yarn have slightly improved their position, for while raw flax prices remain weak, yarn prices are firmer with some expansion in demand. The cotton trade is quiet, as the instability of raw cotton prices is checking any real improvement. The jute industry is also very quiet.

Marseilles.—The new duties on ground-nuts and copra came into force on August 10th. Prior to that date the market had naturally been very active, with premiums on shipments

due to arrive before the duties came into force, but this meant that by August 10th buyers had covered their immediate requirements, so that since that date the market has been completely dead. Business in olive oil is very quiet, but this year's crop will be less than that of last year.

Roubaix.—Business in tops and noils has fallen away since the activity noticeable in August, and buyers are showing some reluctance to pay current prices. Forward quotations are 10 per cent. below those current in Bradford. Still, the undertone is sound, and no serious set-back in prices is expected. Combers have been well occupied, but some have lately had to reduce output through a shortage of raw wool. The position of spinners is unchanged. Makers of men's suitings are working fairly well, but the dress-goods trade is still unsatisfactory. There has been a further decline in unemployment.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Brussels.—While there has been no general improvement in the coal trade, demand for house coal is expanding with the arrival of the autumn, and the Belgian railways have just placed an order for 925,000 tons. It is estimated that the railways are now taking 95 per cent. of their coal from home producers. The decline in export business in the iron and steel industries has been accelerated by the further depreciation of the pound and the dollar. There has been a slight improvement in the glass industry. Important orders have been received from England, and another furnace is to be blown in. The demand for artificial cement remains satisfactory.

Antwerp.—The timber trade has been active, and dealings in wool have increased. Otherwise the produce markets are very quiet. Shipping returns for the first eight months of this year show arrivals of 6,498 vessels against 6,173 for the first eight months of 1932. In tonnage, the increase amounts to 500,000 tons.

Germany

Business has improved since the slight set-back at the end of July, the expansion of production being particularly noticeable in the heavy industries. Comparing July and August, the

daily output of pig-iron rose from 14,200 to 15,300 tons and that of steel from 24,600 to 26,200 tons. Car-loadings also improved during August from 101,400 per day for the week ended August 5th to 105,300 per day for the last week of the month. Ruhr coal production declined from 247,700 tons per day in July to 245,000 tons per day in August, but the recent increase in building activity has been well maintained. During the two months ended September 15th there was an improvement in unemployment from 4,828,000 to 4,070,000. Wholesale prices remained stationary during July and August, but have since displayed a further tendency to rise.

Holland

Industrial conditions are not too unsatisfactory. Although shipbuilders are passing through difficult times, some Scandinavian orders have recently been executed. Shipping is very depressed, and rates are very low, possibly due to the depreciation of sterling. The electric bulb industry is fairly active, but the textile trades are only working at half capacity. Foreign trade is disappointing, imports for the first eight months of 1933 showing a decline from Fl.868 millions to Fl.773 millions, compared with the same period in 1932, and exports showing a decline from Fl.568 millions to Fl.474 millions. The Government are taking powers to establish new foreign trade relations. They have denounced the tariff truce, and have passed a "Retaliation Act," enabling them to take measures against countries which restrict imports from Holland. They are also assuming new powers relating to import quotas, and have passed a Clearing Act for dealing with countries where exchange restrictions are in force. The financial position is favourable. The 4 per cent. Government bonds have returned to par, and a new Government loan for the consolidation of the present floating debt of Fl.523 millions is expected shortly.

Norway

Imports for August amounted to Kr.61·2 millions, against Kr.51·3 millions in July and Kr.57·8 millions in August last year. Exports totalled Kr.44·7 millions, against Kr.40 millions in July and Kr.56·3 millions in August, 1932, but last month's figure was swollen by some sales of ships. In the foreign

exchange market the krone has followed the pound in its fluctuations against the dollar and the gold currencies, for the official rate for sterling has been maintained at Kr.19·90. Crop conditions improved at the end of August as the result of the break in the drought. The hay crop is of excellent quality, but 20 to 25 per cent. below average in yield. Most of the grain has been harvested in good condition, but quality has been a little impaired by too rapid growth. There was a slight seasonal increase in unemployment during August, but notwithstanding the dullness of the freight market, the volume of laid-up shipping declined from 950,594 to 861,700 tons.

Sweden

The August trade returns show an improvement over those of August, 1932, and the import surplus for the year to date is only Kr.42 millions, against Kr.166 millions for the first eight months of last year. This recovery is mainly due to the substantial increase in exports of paper pulp. Sales of both chemical and mechanical pulp for delivery next year have now been going on for several months, and most producers are well booked. Few stocks are available for shipment this year. Sales of timber up to the middle of August amounted to 700,000 standards, and here, too, this year's stocks are nearly exhausted. Prices have lately been rising. There has also been a marked improvement in exports of pig-iron.

Denmark

Prices of agricultural produce have recently been very firm. The dry summer has reduced the European production of butter, and as supplies from outside Europe have also decreased, prices have sharply advanced from Kr.178 to Kr.208 per 100 kilogrammes. Current prices are now higher than a year ago. Eggs have also risen in price, while bacon is very steady at the satisfactory price of Kr.142 per 100 kilogrammes, which compares with one of only Kr.94 current a year ago. Exports, however, have been reduced since last year. Comparing the first eight months of 1932 and 1933, butter shipments have fallen from 112,078 to 105,239 tons, those of eggs from 41·3 to 38·6 million score, and those of bacon from 268,945 to

210,994 tons. Still, if current prices can be maintained for some time and without any further curtailment of production, the position of farmers will be greatly eased.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

August imports amounted to Frs.122·6 millions, against Frs.140·8 millions in August, 1932, but exports only fell from Frs.67·0 to Frs.64·5 millions. There were declines in exports of watches and silk goods, and improvements in those of chemicals. The seasonal downward trend of unemployment continues, and reports from the leading resorts show that the hotel industry is still satisfactory.

Spain

Revenue for the first six months of the year at 2,236 million pesetas is slightly lower than for the corresponding period in 1932, while expenditure at 1,911 million pesetas shows a considerable increase. The first official statistics on unemployment published in Spain record 286,000 wholly unemployed and about the same number partially employed. Unemployment is most severe in agriculture, and the problem is most acute in Andalusia. The late Government's delay in ratifying the commercial treaty with Uruguay and its failure to arrive at any agreement with the Argentine with regard to currency restrictions are strongly criticized by Spanish exporters. In the last month interest has centred chiefly in the political crisis which culminated in the formation of a new Government from which Socialists are excluded. It is doubted if this new radical coalition will survive long in its present form.

Morocco

From the Bank of British West Africa Limited

Business conditions have recently shown an improving tendency, but the recent decision of the French Government affecting the sale price of Moroccan wheat in France has stopped exports of wheat to France, and the outlook is now uncertain. Manchester cotton goods continue to hold their

own against increasing Japanese competition, but only in certain lines. Official figures just issued give the total population of French Morocco as 5,500,000, of which 4,700,000 are Moors and Jews. Building activity continues, notably at Casablanca.

The United States

The general outlook remains very uncertain, but there is no doubt that industrial activity has receded from the high point touched last July. Thus steel production has fallen from 59 to about 41 per cent. of capacity, while car-loadings, electric power production, and the output of automobiles also show declines. August returns of new building contracts show a sharp improvement over the preceding month, but this is largely due to an expansion in public works construction. Primary commodity prices fell sharply during August and early September, but have since turned upwards in sympathy with the renewed depreciation of the dollar. Wholesale prices of all commodities, however, including a large proportion of finished goods, only reacted slightly at the end of July, and have since had a slow upward trend, while retail prices are also rising. This means that primary producers are losing much of the additional purchasing power gained through the recovery in prices earlier in the summer, and also shows that great difficulty is being experienced in establishing an equitable balance between prices, wages and costs. Difficulties have also been experienced in securing the adoption of the new blanket labour code by every section of American industry, and here again the outcome of the Administration's efforts is most uncertain. While little direct inflation has yet occurred, towards the end of August the Reserve Banks increased their weekly purchases of Government securities, but the consequent inflation of credit has so far only served to depress money rates and add to the liquidity of the banks. The banks are being pressed to extend fresh credit to industry, and indeed the Reconstruction Finance Corporation has promulgated a scheme to provide bankers with fresh funds. Most bankers, however, are more concerned with strengthening their own position so as to qualify for admission to the new scheme for the insurance of bank deposits, so that here again there is a partial deadlock. There is a general fear that sooner or later the Administration will be forced into some

form of direct inflation, and this explains the recent fresh depreciation of the dollar and the movement of funds from New York to Paris. All that can be said now is that for the moment the Administration is seeking to restore prosperity in other ways which are only meeting with very limited success.

Japan

Exports for August were valued at Y.183 millions and imports at Y.131 millions. In August, 1932, exports amounted to Y.136 millions and imports to Y.73 millions. Proportionately, imports show the greater increase, and this is due to heavier purchases of raw cotton, iron, wool and sulphate of ammonia. Money is easy and there is a continued demand for security investments. The stock markets are firmer. As regards industrial conditions, cotton spinners are to maintain in force until the end of January the present rate of curtailment of production, namely, 27·6 per cent. During the first six months of 1933 there was an increase of 244,000 in the number of spindles operated by the 63 members of the Spinners' Association. The tone of the raw silk market has been affected by the weaker tendency of foreign centres, but stocks have lately been reduced, and so on balance the market is inclined to show strength.

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts &Advances.
	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
1932.							
September 28 ...	*139·4*	*359·8*	*55·6*	*40·4*	*80·6*	*69·9*	*12·1*
1933.							
August 30 ...	190·3	374·0	77·7	47·2	79·4	83·2	10·0
September 6 ...	190·3	375·2	76·4	46·6	97·4	83·5	9·7
September 13 ...	190·4	372·5	79·2	47·7	109·6	83·7	9·2
September 20 ...	190·4	370·5	81·3	48·5	105·7	80·7	9·2
September 27 ...	190·4	370·8	81·0	51·3	97·3	73·8	9·2

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
1932.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
August	*1,850·6*	*78·7*	*233·5*	*117·5*	*374·4*	*368·5*	*816·2*
1933.							
March	1,925·1	95·8	247·1	108·7	348·1	510·2	766·2
April...	1,930·4	94·2	261·9	104·7	337·8	517·2	763·6
May	1,944·0	96·5	249·3	97·7	346·1	530·4	774·8
June	1,978·2	97·4	259·6	101·2	351·8	544·4	775·2
July	1,973·4	108·0	247·7	95·9	362·2	554·0	767·6
August	1,965·6	105·5	248·3	90·7	359·0	563·4	758·2

* Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK, RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio.				
			1929.	1930.	1931.	1932.	1933.
			%	%	%	%	%
1902	58·2	January	46·8	45·1	45·9	46·5	46·3
1914	49·9	February	45·9	44·2	45·1	44·7	45·8
1919	60·7	March	45·2	44·5	45·3	44·7	45·8
1920	56·7	April	44·9	45·1	45·0	45·2	46·0
1921	50·7	May	44·1	44·0	44·8	45·3	46·4
1926	48·6	June	44·5	44·4	45·4	45·4	47·05
1927	47·4	July	45·4	44·7	45·7	46·0	47·44
1928	46·4	August	45·3	44·4	45·7	45·7	47·89
1929	45·2	September ...	45·3	44·7	45·0	45·2	
1930	44·7	October	45·6	44·8	45·3	45·2	
1931	45·4	November... ...	44·7	44·8	45·3	45·2	
1932	45·4	December... ...	45·3	46·0	46·7	46·2	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London. Bank Rate.	London. 3 Months' discount Rate.	London. Day-to-day Loans.	New York. Re-discount Rate.	New York. 90 Days' eligible Bank acceptances.	New York. Call Money.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
1932.						
September 28 ...	*2*	*$\frac{9}{16}$—⅝*	*½—1*	*2½*	*⅞*	*2*
1933.						
August 30 ...	2	$\frac{7}{16}$	½—1	2½	½	¾
September 6 ...	2	$\frac{7}{16}$	½—1	2½	½	¾
September 13 ...	2	⅜—$\frac{7}{16}$	½—1	2½	½	¾
September 20 ...	2	⅜—$\frac{7}{16}$	½—1	2½	½	¾
September 27 ...	2	½—$\frac{9}{16}$	½—1	2½	⅜	¾

2. FOREIGN EXCHANGES

London on	Par.	1932. Sept. 28.	1933. Aug. 30.	1933. Sept. 6.	1933. Sept. 13.	1933. Sept. 20.	1933. Sept. 27.
New York ...	$4·866	3·45¼	4·54	4·56⅛	4·58¾	4·81	4·72¼
Montreal ...	$4·866	3·81	4·76	4·78	4·81	4·88½	4·84⅜
Paris	Fr. 124·21	88⅞	81$\frac{13}{32}$	80$\frac{15}{16}$	81$\frac{13}{32}$	79$\frac{9}{32}$	79$\frac{31}{32}$
Berlin	Mk. 20·43	14·50½	13·40	13·25½	13·38½	12·99	13·07½
Amsterdam ...	Fl. 12·11	8·59½	7·93	7·84	7·92	7·69	7·73
Brussels ...	Bel. 35	24·87½	22·84½	22·65	22·90	22·22½	22·35½
Milan	Li. 92·46	67$\frac{5}{16}$	60$\frac{9}{16}$	59$\frac{15}{16}$	60$\frac{11}{16}$	59$\frac{1}{16}$	59¾
Berne	Fr. 25·22½	17·90½	16·54	16·35½	16·51½	16·00	16·10
Stockholm ...	Kr. 18·16	19·47½	19·39	19·38	19·38	19·39	19·38½
Madrid ...	Ptas. 25·22½	42$\frac{5}{16}$	38$\frac{9}{16}$	37$\frac{13}{16}$	38$\frac{5}{16}$	37$\frac{9}{32}$	37$\frac{5}{16}$
Vienna ...	Sch. 34·58½	29½*	30*	29½*	29¾*	29*	29*
Prague ...	Kr. 164·25	116½	107⅛	106½	107⅞	104⅝	105
Buenos Aires ...	47·62d.	40¾†	43⅞†	44½†	43⅞†	45¼†	45†
Rio de Janeiro	5·89d.	5⅜†	4½†	4⅝†	4⅝†	4$\frac{5}{16}$†	4$\frac{5}{16}$†
Valparaiso ...	Pes. 40	57†	52·50†	52·00†	52·50†	51·10†	51·20†
Bombay ...	18d.	18$\frac{5}{32}$	18$\frac{1}{16}$	18$\frac{1}{16}$	18	18$\frac{1}{32}$	18$\frac{1}{32}$
Hong Kong ...	—d.	16	16⅜	17	17	17¼	17⅛
Shanghai ...	—d.	21§	15$\frac{5}{16}$	15$\frac{5}{16}$	15$\frac{5}{16}$	15½	15⅜

* Nominal. † Official rate. § Per tael; this year's rates represent pence per dollar.

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To Sept. 23 1933.	To Sept. 24 1932.	Expenditure.	To Sept. 23 1933.	To Sept. 24 1932.
	£ mn.	£ mn.		£ mn.	£ mn.
Income Tax ...	42·2	45·7	Nat. Debt Service	106·9	136·3
Surtax	8·7	10·4	Northern Ireland Payments...	2·6	2·7
Estate Duties ...	43·2	37·5	Other Cons. Fund Services...	1·5	1·0
Stamps	7·9	6·1	Supply Services	201·6	204·9
Customs	85·8	80·0	Ordinary Expenditure ...	312·7	344·8
Excise	51·0	59·7	Sinking Fund	—	12·9
Tax Revenue ...	240·2	240·8	Self-Balancing Expenditure ...	33·4	33·1
Non-Tax Revenue	27·9	21·1			
Ordinary Revenue	268·1	261·9			
Self-Balancing Revenue	33·4	33·1			

1. PRODUCTION

Date.	Coal.*	Pig-Iron.	Steel.
1932.	Tons mn.	Tons thou.	Tons thou.
August	*3·5*	*259*	*362*
1933.			
March	4·5	332	578
April	3·9	325	510
May	3·9	340	600
June	3·5	346	569
July	3·7	344	568
August	3·4	363	551

* Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1932.	£ mn.	£ mn.	£ mn.	£ mn.
August	*28·2*	*11·7*	*13·1*	*53·3*
1933.				
March	29·2	14·1	12·8	56·3
April	26·4	13·0	11·4	51·2
May	30·0	14·5	12·6	57·3
June	27·3	14·0	12·2	53·8
July	26·3	14·9	12·0	53·7
August...	27·0	16·4	13·0	56·8

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1932.	£ mn.	£ mn.	£ mn.	£ mn.
August	*2·6*	*3·4*	*21·7*	*28·6*
1933.				
March	2·3	3·8	25·4	32·6
April	1·9	3·1	20·5	26·4
May	2·2	4·2	23·5	30·8
June	2·0	3·7	21·7	28·5
July	2·3	3·9	22·8	29·8
August...	2·3	3·8	23·9	31·0

4. UNEMPLOYMENT

Date.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
End of—	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January ...	12·0	10·7	12·2	12·6	21·5	22·4	23·1
February ...	10·9	10·4	12·2	13·1	21·7	22·0	22·8
March	9·8	9·5	10·1	14·0	21·5	20·8	22·0
April	9·4	9·5	9·9	14·6	20·9	21·4	21·4
May	8·7	9·8	9·9	15·3	20·8	22·1	20·5
June	8·8	10·7	9·8	15·4	21·8	22·3	19·5
July	9·2	11·6	9·9	16·7	22·6	22·9	19·6
August	9·3	11·6	10·1	17·1	22·7	23·1	19·2
September ...	9·3	11·4	10·0	17·6	23·2	22·9	
October ...	9·5	11·8	10·4	18·7	21·9	21·9	
November ...	9·9	12·1	11·0	19·1	21·4	22·2	
December ...	9·8	11·2	11·1	20·2	20·9	21·7	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (Sept. 16th, 1931=100). U.K.	U.S.A.	France.	Italy.	Germany.
1932.					
August	*102·0*	*89·6*	*88·8*	*89·2*	*87·7*
1933.					
March...	99·3	81·3	87·3	87·7	83·7
April	99·5	82·9	87·0	86·2	83·3
May	102·1	87·4	86·5	86·2	84·4
June	104·4	92·4	87·8	87·0	85·5
July	106·7	100·0	89·8	86·5	86·3
August	106·1	102·2	89·3	86·3	86·6
August, 5th week	106·3	102·7	89·0	86·2	86·7
September, 1st week... ...	106·7	102·8	88·8	86·3	86·6
September, 2nd week ...	106·6	103·1	88·1	86·2	87·1
September, 3rd week ...	106·3	103·7	87·5	85·8	87·5
September, 4th week ...	106·2	103·5	—	85·4	87·6

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Generale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included.
1932.						
August	*23*	*54*	*85–90*	*70*	*70*	*41*
1933.						
March	15	55	85	70–75	70–75	37
April	14	55–56	85	65–70	70–75	36
May	14	56	85	65–70	70–75	36
June	18	56	80–85	65–70	70–75	38
July	19	56	80–85	65–70	70–75	39
August	22	56	80–85	70	70–75	41

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.	Cotton American Middling.	Wool, 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per lb. d.	per lb. d.	per ton. s. d.	per ton. £	per lb. d.
1932.						
August	*29 10*	*5·73*	*21¾*	*58 6*	*142½*	*2 1/16*
1933.						
March	26 9	4·99	21⅞	62 6	149 3/16	2⅛
April	27 4½	5·32	22⅜	62 6	158	2⅝
May	29 4	5·98	24¼	62 6	186¼	2⅞
June	28 8	6·35	26⅝	62 6	220 1/16	3⅜
July	32 5	6·33	30⅛	62 6	216¾	3⅛
August	30 10	5·83	30	62 6	215 5/16	3⅞